

Message from the Chairman

On behalf of the Missouri Gaming Commission, it is my pleasure to present the annual report for FY 2003. This report is submitted to comply with Section 313.837, RSMo. I am the Commission's fifth chairman since its inception in 1993. The backgrounds of my predecessors are a tribute to the Commission's diversity. Of the five chairmen, there have been three democrats and two republicans. Two of the chairmen had backgrounds in business and finance, two in law enforcement and one as a lawyer. I hope that my background in law enforcement will help perpetuate the Commission's reputation for firm but fair enforcement of the gaming laws and regulations.

The FY 2003 annual report contains an account of the Commission's activities over the past year, including a summary of the status of each licensed gaming facility; a report of gaming tax and admission fee collections; an analysis of the gaming markets in Missouri; a summary of the responsibilities and activities of each section of the Commission's staff; a report on the status of the gaming industry affirmative action programs; and an update on the Commission's programs for problem gamblers and their families.

The annual report also contains a section fulfilling the Commission's statutory mandate to report to you on the effect of the loss limit on the competitiveness of Missouri riverboat casinos versus gaming facilities in neighboring jurisdictions. For the past decade, this Commission has reported to you that the data clearly shows the loss limit renders Missouri riverboat casinos less competitive versus their competitors in Illinois, Iowa and Mississippi. Indian casinos do not release the results of their operations. Thus, we are not able to provide an analysis of the competitive environment versus the Indian casinos in Kansas. However, the consistency of the data in other states suggests these casinos, operating without a loss limit, also enjoy a competitive advantage over casinos in Kansas City and St. Joseph.

It appears quite clear to the Commission that this statutory mandate has served its purpose. There has been little change in the data over the past decade, making the issue well settled. To our knowledge, it is undisputed that the loss limit results in a competitive disadvantage for Missouri casinos. Thus, in order to avoid unnecessary attention to an undisputed fact, we recommend you consider repealing this reporting requirement, which has now become an annual redundancy.

The gaming statutes also require the Commission to suggest changes in the adjusted gross receipts tax as provided in Section 313.822, RSMo. On pages 9-11, you will find a detailed analysis of Missouri's gaming tax rate as it compares to the gaming tax rates in other riverboat gambling states. In addition, the report provides the Commission's view of how tax rates affect the economics of gaming, the quality of the operations located in the state and the impact of gaming taxes on employees, home dock communities, patrons and state revenues.

Another of the Commission's statutory mandates is to provide recommendations for legislation the Commission deems advisable. The Commission is thankful for legislation enacted last session updating its statutory authority to use the FBI's fingerprint database. This year the Commission asks the General Assembly to consider legislation expanding the enforcement authority for Commission agents. Currently, the only gaming agents having complete enforcement authority are Missouri State Highway Patrol officers assigned to the Gaming Division. However, the Commission's enforcement presence has expanded and diversified over the years and now includes compliance auditors, electronic gaming device technicians, financial investigators and gaming enforcement managers. Each of these categories of personnel are critical to the enforcement effort and should have complete statutory authority to enforce Missouri's gaming laws.



A handwritten signature in dark ink, reading "Harold B. Baird".

The Commission also recommends legislation requiring jackpots won by persons in the voluntary exclusion program be deposited into the Compulsive Gamblers Fund. Under current law, problem gamblers who voluntarily exclude themselves from Missouri casinos are not eligible to place a wager or win a jackpot. If they win a jackpot, they forfeit the winnings and the casino retains the jackpot amount. The Commission believes it is more appropriate to dedicate these funds to problem gambling education, prevention and treatment efforts.

The most significant event affecting the Missouri gaming market was the expansion of Ameristar's gaming complex in St. Charles. Station Casinos began construction of the diverse entertainment facility in the mid-1990s. However, financial considerations persuaded Station to terminate construction of the facility, leaving it incomplete and in disarray, much to the consternation of the City of St. Charles. Ameristar purchased the property in 2000 and immediately announced aggressive plans to complete the facility. The final product did not disappoint St. Charles and Ameristar has established itself as the new market leader in Missouri.

The Commission suffered through a painful loss in 2003 when Muriel Battle passed away on March 2, 2003. Dr. Battle was best known for her lifelong vocation as an educator. She spent 40 years working on behalf of young people in the Columbia public schools. The Commission admired Muriel for her quick smile, good humor, impeccable integrity and fidelity to principle. Muriel and her husband, Eliot Battle, frequently traveled together to Commission events and embodied everything that is right and good about principled living and public service. Dr. Battle will continue to serve as a sterling example for current Commissioners and those to come.

The Commission also bid farewell to its Chairman and senior member Robert C. Smith. Chairman Smith had served on the Commission since July 1997 when he replaced Robert M. Clayton II. During his tenure on the Commission, Smith helped guide the Commission through many difficult issues. His experience in law, government and public policy proved invaluable. In 2002, Governor Bob Holden designated Smith the Commission's fourth Chairman. In this capacity, he further demonstrated his knowledge of the law and his penchant for fairness and justice. The Commission is thankful for his service and wishes him well.

Governor Holden appointed two new members to the Commission in 2003. Both members bring a wealth of experience in public service. Judith Sutter-Hinrichs is currently Vice-President of Community Relations for Mers-Goodwill of St. Louis. The Honorable Jack Gant is a retired Circuit Judge and former State Senator from Jackson County. Both members will help build upon the solid foundation that has been laid by previous Commissioners.

During FY 2004, the Commission will begin to examine the St. Louis metropolitan market to determine if it is in the best interest of Missouri to consider an additional license in this area. There has been significant growth in the St. Louis market over the past several years and the current casinos are clustered in the northern section of the region. While market studies continue to show unmet demand in the southern region of the market, the Commission is committed to examining proposals for an improved facility in downtown St. Louis. While the President Casino's future is uncertain as it makes its way through bankruptcy proceedings, the City of St. Louis is in the process of acquiring 20 acres adjacent to the riverfront near the Edward D. Jones Dome and has issued a Request for Proposals to develop a state of the art gaming facility.

You can expect the Commission to take its time with this process. The Commission and its staff will proceed in a diligent, prudent manner. The process will be lengthy and the analysis will be thorough. In the end, it will produce a decision based on sound reasoning. The Commission's record of accomplishment in managing the number of licenses in Missouri is excellent and this new group of Commissioners intends to build upon that tradition.